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CENTRAL INTELLIGENCE AGENCY

THE PROSPECTS FOR A UNITED STATES OF INDONESIA

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THE PROSPECTS FOR A UNITED STATES OF INDONESIA

SUMMARY

Indonesia is important to the US and to Western Europe as a source of raw materials necessary both to the rehabilitation and development of the economies of those countries, and to the creation of stockpiles of certain strategic materials. Besides being the principal Far Eastern source of oil, Indonesia produces 15% of the world's tin and 34% of its natural rubber. Of such a rare but necessary product as cinchona bark, from which quinine is obtained, it produces 90% of the world's supply. Because of the need of such strategic materials, loss of Indonesia to Japan in 1942 was keenly felt by the Allies; and in another war or in preparation for one, utilization of the whole Indonesian potential would be a valuable asset.

Instability in the area resulting from Dutch-Republican strife has, since the war, made full exploitation of Indonesian raw materials impossible. Though future friction between the two sides may not find expression in as much violence as has been seen over the past few years, continuation of the underlying disagreements will interfere with the availability of commodities from the productive areas of Java and Sumatra.

Developments in Indonesia for a considerable period in the future will center around the formation of the United States of Indonesia (USI) as a federal framework of government to be established in the territory of the Netherlands Indies, and the efforts of the Dutch on one side and of the Indonesian Republic on the other to realize in the USI the basic objectives which have dictated their policies since the end of World War II.

Dutch policies and actions will be directed toward the preservation of Dutch influence in the archipelago and will therefore work toward neutralizing that of the Republic by attempting to confine the scope of Republican authority to as small an area as possible and encircling the Republic in a federation of pro-Dutch states. Republican policies and actions will be directed toward the replacement of Dutch influence in the USI and its component states by predominant Republican influence and will therefore work for the revival of its prestige, the rapid delegation of Dutch powers to Indonesian governing bodies, the early creation of a sovereign and independent USI, and the utilization of the federal structure to Republican advantage wherever possible.

The basic conflict between Dutch and Republican aims will involve the entire archipelago through the efforts of both parties to obtain the support of the populations and leaders of Indonesian political units outside the Republic.

Prior to the formation of the USI, originally scheduled for 1 January 1949, the conflict will be perceived in the Dutch terms for the admission of the Republic to a pre-

Note: The information in this report is as of 27 April 1948.

The intelligence organizations of the Departments of State and of the Navy concur in this report; the Intelligence Division, Department of the Army, concurs with those sections relating to military implications; and the Air Intelligence Division, Air Intelligence Directorate, Department of the Air Force, had no comment.

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liminary federal organization, in the plebiscites to determine the wishes of the new political units on the question of joining the Republic or possessing autonomy in the USI, and in the operation of an interim federal government preparatory to the formation of the USI. After the USI has been established, the conflict will be manifest in the development of governing organs of the USI and the Netherlands-Indonesian Union and in the contest for control in those organizations.

The prolongation of the conflict will delay the restoration of political stability and the rehabilitation of the area's economy, and may enhance the possibility of a final outcome unfavorable to the interests of the US. The achievement of stability and economic rehabilitation would best be furthered by the development of the USI along a middle course, affording expression to Indonesian nationalism but permitting the continuation of Dutch assistance and guidance in Indonesia. Pursuit of such a middle course, however, is likely to require the continuing influence of third powers in the Indonesian problem. Both the Dutch and the Republic, on the other hand, will continue their efforts to divert third-power influence in the direction of their respective objectives, the Dutch bringing to bear their position in Europe and the technical advantages they can offer in developing the Indonesian economy while alleging Communist infiltration in the Republic, and the Republic concentrating on the economic assets which it may be able to offer to the world.

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THE PROSPECTS FOR A UNITED STATES OF INDONESIA

1. THE PROBLEM IN INDONESIA.

The basic problem in the Netherlands Indies is the conflict between the objectives of the Netherlands and Netherlands Indies governments on the one hand and of the Indonesian Republic on the other regarding the future political and economic organization of the archipelago. This problem has dominated all events in Indonesia since the end of World War II and will continue to be the prime issue even within the framework of the United States of Indonesia (USI) which itself has been advanced as a solution to that problem. An eventual adjustment of conflicting objectives would necessitate great concessions by both parties and is therefore likely to require the influence of third parties, particularly those now represented on the Good Offices Committee of the UN Security Council.

The Dutch in working toward their objectives concerning the future political organization of Indonesia, possess the pre-eminent advantage of the military superiority of their forces in the area over those of the Indonesian Republic. The considerable territorial and political gains accruing to the Dutch from their "police action" of the latter half of 1947 will promote the establishment of the form of the USI principally along the lines desired by the Dutch. The Republic, faced with this Dutch superiority during the formation of the USI and in the early stages of its operation, must limit its efforts to extracting the maximum advantage from whatever structure is established in order to further the eventual achievement of basic Republican objectives wherever possible. The interaction of Dutch and Republican efforts to achieve their respective aims will constitute the core of political developments in Indonesia for a considerable period in the future.

2. DUTCH OBJECTIVES.

Basic Dutch Objective. The basic Dutch objective is the preservation of Dutch influence in Indonesia to the degree necessary to maintain Dutch economic advantages based on the control of the material resources of the area. The principal subsidiary objectives are: (a) the reduction of Republican nationalist influence, which is directed against the continuation of the Dutch role in Indonesian affairs; and (b) the encouragement and direction, where necessary, of non-Republican nationalism of a less revolutionary nature.

The achievement of these objectives entails: (a) the creation of a political structure for all of Indonesia under a government in which Dutch influence can be perpetuated through the transformation of the Netherlands Indies Government into the all-Indonesian government; (b) the promotion of the participation of non-Republican Indonesian leaders in that government; (c) the encouragement of the formation of new states in territories from which Republican control has been eliminated; (d) the encirclement of the Republic and the dilution of Republican influence in an all-Indonesian

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government through the numerical preponderance of these new states in such a government; and (e) the creation of a sovereign structure in which the influence of the Netherlands will always equal, if not surpass, the influence of native nationalism in Indonesia.

Dutch Concept. The Dutch concept of the future political organization of Indonesia envisages a sovereign, democratic, federal state, the United States of Indonesia, composed of an as yet undetermined number of units based on geographic and ethnic divisions in the Netherlands Indies and linked closely with the Kingdom of Netherlands in a Netherlands-Indonesian Union (NIU). (For the evolution of the Dutch concept, see Enclosure A, Part I.) In practical terms, the Dutch concept appears to contemplate the continuation of Dutch influence throughout the area by means of the transformation of the Netherlands Indies Government into the federal government of the USI, the elevation of non-Republican Indonesians to high office in the USI and the NIU, the membership of new, relatively pro-Dutch states in the USI in sufficient numbers to counterbalance the effects of Republican participation, and the integration of the USI into the NIU under the King of the Netherlands. Although Dutch proposals regarding the NIU do not give the impression that a super-state is contemplated, as the USI develops there may arise a tendency on the part of the Dutch to reserve to the NIU certain powers and functions, over which the USI, as a sovereign state, would normally possess full jurisdiction, and, in other ways, to subordinate the USI to a superior sovereignty, that of the NIU.

3. REPUBLICAN OBJECTIVES.

Basic Republican Objective. The basic Republican objective is the achievement of preponderant influence, if not control, over the Indonesian archipelago by serving as the focus and principal champion of the powerful forces of Indonesian nationalism which received such impetus during and after World War II. The concrete manifestation of this objective is seen in the parallel objective of creating a unitary state in Indonesia, based upon a common Indonesian nationalism, in which the Republic, by virtue of its vigorous defense of Indonesian national aspirations, would assume the position of leadership. The principal subsidiary objective is therefore the reduction and eventual elimination of Dutch influence in the area and the encouragement of anti-Dutch nationalism, paralleling that of the Republic, in politically less developed areas which are at present organized into relatively pro-Dutch states. The achievement of the objective of a unitary state in Indonesia is impossible for the present in view of the superiority of Dutch military power and the consequent force given to the Dutch objective of a federal structure for the area. The Republic must therefore seek to utilize the federal structure to its own advantage where possible in order to replace Dutch influence with Republican leadership as a step toward the eventual goal of complete independence and the predominance of Republican influence in Indonesia.

At present, the Republic is in a position far less favorable to the attainment of its objectives than that of July 1947 before the Dutch "police action." Consequently the attainment of Republican goals first requires a revival of its former prestige through

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the stimulation of pro-Republican expressions of public opinion in possible plebiscites under the UN Good Offices Committee and in influencing the selection and activities of members of the Constituent Assembly which will draft the constitution of the USI.

The achievement of Republican objectives also requires: (a) the perpetuation of the identity of the Republic and its attributes of sovereignty, independent control of military and foreign affairs, until the formation of the USI; (b) the vigorous advocacy of a rapid and early transfer of powers from the Netherlands Indies Government to the federal organs of the USI; (c) the promotion of Indonesian national self-consciousness throughout the archipelago, accompanied by the encouragement of the pursuit of parallel policies vis-a-vis the Dutch on the part of the Republic, East Indonesia, and whatever other nationalist groups can be won over; (d) the utilization of Republican political skill and experience to offset the Republic's possible numerical disadvantage in the governmental bodies of the USI; and (e) resistance against the development of the NIU into an international entity possessing a reality and a sovereignty superior to that of the USI.

Republican Concept. The Republican concept of the future political organization of Indonesia envisages a sovereign, democratic, and independent republic on a federal basis, the United States of Indonesia, linked loosely with the Netherlands in a Netherlands-Indonesian Union. (For the evolution of the Republican concept, see Enclosure A, Part II.) In practical terms, the Republican concept appears to contemplate the restoration of Republican prestige to the level held at the time of the Linggadjati Agreement * by a successful defense of Indonesian nationalism prior to the formation of the USI, the encouragement of close ties with the non-Republican governments in the archipelago, and the adoption of the role, prior to and in the USI, of chief advocate of Indonesian independence.

4. PRESENT NEGOTIATIONS AND THE USI.

Principal Problems in Negotiations. The principal problems in the immediate future will be the reconciliation of Dutch and Republican positions in present negotiations regarding: (a) the status of the Republic and the scope of its authority; (b) the conditions for the Republic's admission to an interim federal organization prior to the formation of the USI; and (c) the forms and areas of jurisdiction of the USI and the NIU, their interrelationship and their relations with their component states, the Kingdom of the Netherlands and the states of the USI.

Dutch Position. The Dutch have set as a precondition for Republican admission to an interim federal government the Republic's acceptance of the status of a state in the interim government and the USI, implying Republican abdication of any pretensions to a sovereignty separate from that of the interim government. The Dutch will seek in the present negotiations to obtain Republican acknowledgment of such a status and to settle procedures for the dissolution of present Republican attributes of sovereignty such as an independent army, independent foreign representation, and

* For a discussion of the Linggadjati Agreement of 25 March 1947, see ORE-20 "Basic Dutch-Indonesian Issues and the Linggadjati Agreement" 9 June 1947.

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independent financial and economic arrangements affecting the general economic life of Indonesia.

Republican Position. By accepting the "Six Principles" of the UN Good Offices Committee for the settlement of the basic political disagreement, which were embodied in the Renville Agreement *, the Republic accepted the status of a state in the USI. The Republic, however, desires to obtain in the negotiations certain firm commitments from the Dutch regarding the forms and relationships of the USI and the NIU before the Republic abdicates its bargaining position by surrendering its sovereignty and dissolving its independent army and foreign representation. Furthermore, the Republic would prefer to surrender its sovereignty directly to a sovereign USI rather than to an interim federal organization over which the Netherlands would exercise interim sovereignty. The latter step would imply a surrender of Republican sovereignty to the Netherlands and would gravely jeopardize the position of any Republican government which consented to such a capitulation. The Republic, moreover, believes that the scope of its authority as a state in the USI should include Sumatra, Java, and Madura because, in the Republic's view, the states which have arisen in Dutch-occupied areas of those three islands, are undemocratic in origin, based on Dutch military occupation and in complete disregard of the real desires of the local populations. The Republic will therefore make every effort to prove during and after the negotiations that the people of the new states desire to be a part of the Republic.

Possible Results of Negotiations. The negotiations are delicate and complex, with each party seeking to reduce the bargaining position of the other. The diametrical opposition of the positions of the two parties has resulted in slow progress, at times approaching a stalemate. If a complete deadlock is reached in the political discussions, the UN Good Offices Committee will probably urge the Dutch delegation to make one last effort to end the impasse by presenting its final terms on the form of the USI and the NIU, on the conditions for Republican admission into an interim federal government, and on the position of Republican representatives in such a government. The Good Offices Committee would make every effort to ensure that these final Dutch terms would be generous so as to facilitate Republican acceptance. Republican rejection of these terms might very readily result in the complete rupture of negotiations, the withdrawal of the Good Offices Committee from Indonesia, and the reversion of the problem to the Security Council. Such a development would imply the abrogation of the Renville Agreement and its provisions, those which favor the Republic as well as those which favor the Dutch. In this case, it is conceivable that the Dutch would then regard the present organization comprising non-Republican states as an interim federal government; the question of Republican admission to it would be decided in large part by the capability of the Republic to stand alone, apart from the rest of the archipelago. The remainder of this study is based on the assumption that a breakdown of negotiations will be averted, and that an interim federal government will be formed, prior to the establishment of the USI, in which the Republic will participate.

* For a discussion of the Renville Agreement, see OIR Situation Report 3480.48 of 1 February 1948, prepared by the Department of State.

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5. THE INTERIM FEDERAL GOVERNMENT.

The interim federal government will precede the establishment of the USI and is intended to serve as the government of the archipelago, under Netherlands sovereignty, under which problems could be worked out which relate to (a) the organization of the USI and the drafting of its constitution by a Constituent Assembly and (b) the transfer of sovereignty from the Netherlands to the USI, if agreement has not already been reached between the Dutch and the Republic.

The Republic and the Interim Government. If the Republic joins the interim federal government, it will devote its efforts to demonstrating its appeal to the populations of the states established in former Republican areas, and will work (a) to reduce Dutch influence in the interim government and (b) to expedite the early formation of the USI.

At the same time, the Republic will also press for greater states' rights and will coordinate this campaign with other states represented in the interim government, such as East Indonesia. Every emphasis will be placed on the formation of the USI by the original target date of 1 January 1949; any tendency by the Dutch to delay this step will be denounced by the Republic as an act of bad faith and might become the subject of a Republican protest to the UN Security Council.

The Dutch and the Interim Government. The Republic's activities in the interim government will be opposed by the Dutch who are now in a much stronger position relative to the Republic than ever before. Dutch policy will be directed toward neutralizing Republican influence in the archipelago by attempting to confine the Republic's territory to Java, if not to Central Java, while promoting the influence in the interim government of leaders and states more amenable to Dutch desires. The formation of the USI may be delayed beyond the target date until the relatively pro-Dutch states develop the capacity to balance the Republic, if not to neutralize it, in the councils of the USI. Dutch officials have already stated that the completion of the structure of the USI by democratic processes may easily require a longer period of time than previously estimated. They have also indicated that firm agreement would have to be reached regarding the form of the bond between the Netherlands and the USI, i.e., the NIU, before sovereignty could be transferred to the USI. A definite effort will be made by the Dutch to reinforce the structure of the NIU if the Republic appears potentially capable of acquiring preponderant influence in the USI and thus drawing it away from the Netherlands on a completely independent course of action. The transfer of sovereignty to the USI may well be delayed until the Dutch are sure that the NIU possesses adequate safeguards against the loss of the Indies to the Netherlands.

6. THE OPERATION OF THE USI.

The structural details of the USI have not yet been finally determined. Both the Dutch and the Republic have put forth their views on its organization but these will require adjustment and reconciliation, a delicate process which will occupy a substantial part of the energies of both parties and of the UN Good Offices Committee for a protracted period to come.

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Dutch Desires. The Dutch, who by virtue of their present military and political superiority hold the initiative in the organization of the USI, have made relatively few statements on the structural details of the USI. The Constitution of the United States has been mentioned as offering a basis for the development of federal organs, especially as regards the Executive and the Senate. The US Senate, as a representative body whose membership is not based on population distribution, provides a model for a representative body in the USI in which the overwhelming concentration of population in Republican Java could be nullified, thus promoting the relative influence of minority populations, such as the Chinese, the Eurasians, and the Dutch, and permitting representation equal to crowded Java for sparsely populated areas such as Borneo. An indication of Dutch intentions to provide representation in the USI for as many pro-Dutch units and groups as possible has been noted in the Dutch interpretation of "fair representation" in the Renville Agreement as providing for representation not only for the new states in the archipelago but also for special districts not yet organized as states. Equal representation from all political units in Indonesia regardless of their degree of development, as well as from various minority groups, would further dilute Republican strength in the USI.

The influence of the Netherlands Indies Government would be preserved by the continuation of the present process of transferring departmental posts to non-Republican Indonesians. The former Netherlands Indies government departments, and presumably their personnel, would form the nuclei of the government departments of the USI, much as proposed in the Dutch notes of May 1947. Dutch personnel on high levels would gradually withdraw from active operational duties but could be expected to retain, or seek to retain, advisory responsibilities for a considerable period, especially in the fields of finance, economics, foreign relations, and police operations. In these fields, Dutch advisers would stress the necessity of maintaining the "political and economic unity of Indonesia in the world" in order to minimize independent contact between the Republic and foreign powers with which the Republic had established relations before the "police action" took place. In police and defense matters, Dutch influence would remain strong through the role of Dutch military personnel acting as defense and police forces in the interim period and through Dutch contributions of equipment and training personnel toward the creation of the armed forces and police of the USI. Dutch technical assistance will be necessary for a long time to come in assuring the efficient or semi-efficient operation of the valuable economic plant of the Indies and, as a result, Dutch influence will endure in all economic activity in Indonesia which is in any way associated with exports and the outside world.

In their working papers recently submitted to the UN Good Offices Committee, the Dutch have indicated their position that membership in the USI and participation in its formation should be open to any territory of the Netherlands Indies whose population expresses such a desire by democratic processes. The powers of the USI and of the member states should be so divided that the USI will exercise authority over matters pertaining to foreign affairs, defense, the main economic and financial problems, and other matters which can be handled within the sphere of the federation.

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The constitution of the member states in the USI should contain no provisions contrary to the principles of the statutes of the NIU and the USI. The constitution of the USI should come into operation at the same moment as does the statute of the NIU.

Republican Desires. Republican working papers agree with those of the Dutch as regards the participation of states in the USI, and the division of powers between the USI and the member states, except that the Republic urges the enumeration of powers in which the USI and the member states exercise concurrent jurisdiction and the acknowledgment that residual powers fall to the states, points not mentioned in the Dutch papers. The Republic states that the constitutions of the member states should contain no provisions contrary to the constitution of the USI but makes no mention in this connection of the statute of the NIU. Further, the Republic believes that the constitution of the sovereign USI should come into operation *prior* to the statute of the NIU so that the USI and the Kingdom of the Netherlands could establish the NIU as a union of members of equal status. The thus demonstrated equality of the USI and the Kingdom of the Netherlands in the NIU would be of great importance to the Republic in opposing the development of the NIU into an indissoluble bond between the Netherlands and the USI.

Within the USI the Republic will continue its efforts to reduce Dutch influence in Indonesia and will oppose any Dutch moves to perpetuate that influence through the organization of the USI. If Dutch control declines appreciably after the transfer of sovereignty to the USI, the Republic will return to its original objective of establishing a unitary state in Indonesia. If Republican influence replaces Dutch control and becomes paramount in the USI, the campaign for states rights will be abandoned in favor of "measures strengthening the unity of Indonesia." At the same time strenuous efforts will be made to reinforce good relations between the Republic and the more nationalistic states elsewhere in the archipelago. The recent exchange of recognition between the Republic and East Indonesia and the highly successful East Indonesian good-will mission to the Republic are steps in the direction of greater cohesion between these two states whose effect will be to complicate the perpetuation of Dutch influence in the area. The Republic may also endeavor to revive its contacts in an unofficial manner, with sympathetic countries, such as those of the Arab League, in order to enhance its international position.

Position of Non-Republican Groups. Distributed between the Dutch at one pole and the Republic at the other in terms of their plans for Indonesia are the various minorities and non-Republican groups in Indonesia outside the area of the Republic. Eurasians generally identify themselves with the Dutch and so tend to favor the continuation of Dutch administration in which they can hold positions of some influence and social prestige. Chinese, Arab, and Indian commercial groups generally believe that their economic advantage would be greater under the Dutch where they have long held middlemen roles than under the Republican economic nationalism. Consequently, these groups also favor the Dutch.

Many members of the native aristocracy in Sumatra, Borneo, and East Indonesia fear the social revolution inherent in Republican proclamations for the future and

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tend to regard Dutch control as necessary to maintain their favored *status quo*. However, certain members of the aristocracies, such as the Sultan of Jogjakarta, have joined the Republic without detriment to their position, and their example may be used to weaken the adherence to the Dutch by local rulers in other areas. Some rulers, such as the Sultan of Deli, on Sumatra, will tend to join whichever side offers them the most in local power. Opportunistically, such figures may join the Republic if it shows signs of replacing the Dutch as the preponderant influence in the archipelago.

Political leaders among the non-Republican Indonesians in territories occupied from the Republic are, in most cases, sincere nationalists who desire the eventual termination of Dutch control, but many of them are doubtful that the Republic offers the best alternative to Dutch rule and would prefer an Indonesian government with more moderate leaders than some of those present in Republican ranks. Non-Republican Indonesian leaders are the mainstay of Dutch plans for the USI and may therefore be expected to be the chief target of Republican propaganda and conciliatory efforts. If the Republican government maintains its present moderate cast, if it refrains from reprisal or threats of reprisal against those who have seen fit to cooperate with the Dutch, if it appears in the future to be a genuine champion of Indonesian nationalism, and if, at the same time, Dutch influence in the USI is heavy-handed and perceptible, many of these key figures may draw closer to the Republic.

Leaders of political groups in Borneo and East Indonesia are generally less politically advanced than the non-Republican leaders of Sumatra, Java, and Madura and the leaders of the Republic. While they have been led by the Dutch to fear domination by the Javanese Republic, they might work with the Republic in a loose and self-interested alliance against the Dutch or play the Republic and the Dutch against each other for the enhancement of their own influence in the USI and for the protection of their states from either Dutch or Republican domination. The recent policy of the East Indonesian Government vis-a-vis the Republic is an illustration of the former possible course of action.

Prospects. For the foreseeable future, Indonesia will be the scene of a struggle between (a) the Dutch aim of creating a federal structure in which its influence can be perpetuated through friendly Indonesian states in sufficient number to balance the Republic, and (b) the Republican aim of replacing Dutch influence with its own in a federal structure which will then evolve into a unitary state. The waging of this struggle will postpone the restoration of political stability, the rehabilitation of the area's economy, and the resumption of normal trade.

The failure of the USI to develop into a stable organization and the overwhelming success of either the Dutch or Republican objectives at the expense of the other within the framework of the USI would seriously affect the prestige both of the US and of the UN in the Far East. The virtual elimination of the Republic as a political entity in the USI and the conversion of the USI into a league of pro-Dutch states would be regarded by the rest of Asia as a triumph of Western imperialism in which the US and the UN were implicated through the Good Offices Committee. The emergence of the Republic as the dominant element in Indonesia and the possible consequent expulsion

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of Dutch influence from the archipelago would represent to the rest of Asia the victory of local nationalism over Western and foreign domination. These two alternatives represent the two extremes in possible developments within the USI. The development most favorable to the achievement of stability and economic rehabilitation would be one in which the USI could evolve along a middle way, affording the nationalism of Indonesia ample expression while avoiding jeopardizing needed Dutch assistance and guidance.

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ENCLOSURE A

The positions of the Netherlands and Netherlands Indies governments on one hand and of the Republic on the other concerning the future organization of Indonesia are the result of the evolution of their respective objectives conditioned by the changes in their respective military and political capabilities.

PART I — THE EVOLUTION OF THE DUTCH CONCEPT

The Dutch concept is the result of successive revisions of Dutch attitudes toward the Netherlands Indies under the impact of the war and the subsequent establishment and continued existence of an Indonesian government, the Indonesian Republic, asserting full independence and exercising authority over a considerable portion of the archipelago. In the months after the Japanese surrender when the Republic claimed authority over all the territory of the Netherlands Indies, and Dutch military strength was virtually nonexistent, Dutch proposals were made to the Republic for the future organization of the entire archipelago, implying a tacit recognition of the Republic as spokesman for all of Indonesia. The basic theme of the proposals at this time appeared to envisage a partnership between the Netherlands and an Indonesia organized either as a unitary state or as a Commonwealth on a more or less unitary basis in which the Indonesian Republic occupied a foremost position.

The growth of Dutch military power in Indonesia accompanying the reoccupation of Borneo and the Great East (Celebes, Lesser Sundas, and the Moluccas) brought a change in the Dutch attitude toward the Republic which was reflected in the nature of Dutch proposals to the Republic. This change occurred in February and March 1946 after which time Dutch offers increasingly distinguished between Borneo and the Great East and the Republic; the Dutch proposals of 26 March 1946 offered only to recognize the Republic as "exercising *de facto* authority over Java except in places occupied by allied troops." Other innovations were notable in these proposals in that: first, the structure proposed for the Netherlands Indies was a federation, rather than a unitary form, in which the Republic would be but one member state, rather than spokesman for all Indonesia; second, the implication was conveyed that negotiations with the Republic would henceforth be for the determination of the status only of Java, Madura, and possibly Sumatra, while the Dutch proceeded to organize a new political system for Indonesia, with Republican help, if possible; and, third, the Dutch reserved the right to develop special relationships with areas choosing to retain closer ties with the Netherlands apart from the rest of Indonesia. The basic lines laid down at this time have been developed and intensified in the succeeding two years of negotiations and form the fundamentals of the present Dutch concept of the future organization of Indonesia, the USI.

In the summer of 1946, the Dutch initiated action on a policy based on their increased military power in the Netherlands Indies of proceeding with the political reorganization of the rest of Indonesia without awaiting the settlement of the Dutch-Republican dispute, of creating a federal organization in which the Republic would

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be but one part, and of organizing areas under Dutch control into counterweights to the Republic within that federal structure. This policy continues in force at present and its implementation in the past has resulted in: (1) the establishment of several autonomous administrations outside the Republic in the territory of the Netherlands Indies; and (2) numerous proposals and attempts toward the unification of these areas into a federal framework in preparation for the formation of the USI.

The first phase in the implementation of Dutch policy, the establishment of autonomous administrations, began early in 1946 and concerned at first only Borneo and the Great East, areas where the return of Dutch authority had eliminated insubstantial Republican control. In most of the area local sentiment for the Republic and its objective of a unitary state for Indonesia had scarcely developed and thus offered little hindrance to the Dutch program. The Dutch sponsored or encouraged wherever possible the formation of anti-Republican groups and included their representatives in local councils formed to assist the Dutch in administering the area. The leaders of these councils, other native leaders, and hereditary rulers were approached for the formation of federations for each island, or large area thereof, uniting new native administrations and those which had survived from the prewar period. These island federations were then bound together into aggregations large enough to balance the Republic in any future federal organization. One such grouping, the state of East Indonesia, was created from the territory of the Great East in December 1946. A similar grouping for Borneo was obstructed by pro-Republican sentiment in certain parts of Borneo and in May 1947 only West Borneo could be organized as a state.

Thus, when Dutch "police action" commenced in July 1947, the states of East Indonesia and West Borneo existed to counterbalance the Republic whenever the USI provided by the Linggadjati Agreement of March 1947 was established. Shortly after the "police action" began, the policy of creating autonomous areas was applied to territory previously recognized as being under Republican *de facto* authority, but occupied by the Dutch. Previous attempts to detach Sumatra and West Java from the Republic had failed until Dutch military occupation of those areas impaired the potential of the Republic as a deterrent and an alternative to Dutch patterns of organization for those areas.

Autonomous Areas. The process of creating autonomous areas tends to follow the same course regardless of the locale of the development — before 20 July 1947, in West Borneo and the Great East, and since that date in the remainder of Borneo and in Dutch-held areas of Sumatra, Java, and Madura. First, there is the re-entry of Dutch military forces, followed by the re-establishment of Dutch civil administration. Republican authority, if it was actually present before the Dutch re-entry, is declared null and void. Local patriotism and ethnic self-consciousness are appealed to and non-Republican or former Republican leaders are invited to assist in the local administration. Contact committees are formed including these leaders, and popular demonstrations occur at which petitions are presented to the Dutch authorities expressing the desire of the population to acquire autonomous status within the USI. The committee of leaders then undergoes a series of metamorphoses in which it is

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transformed first into a preliminary organizing body, then into a provisional council when the area is given the autonomous status of a *daerah istimewa* (special district) by the Netherlands Indian Government, and, finally, into a provisional government when a basic statute has been drafted and the area is elevated to the status of a *negara* (state). A further step occurs as the separate special districts and states within a large geographic unit, such as Borneo, are integrated into a federation whose borders are or will be those of the geographic unit. This federation would then be admitted as a unit to the proposed USI, which in turn would be tied to the Netherlands in the Netherlands-Indonesian Union (NIU).

Variations occur in this procedure and occasionally several stages are telescoped. At the present, starting with Northern Sumatra and proceeding eastward, the archipelago shows varying stages of development within this general program. Northern Sumatra, or Atjeh, has had a long tradition of opposition to rule by any and all outsiders and has not yet been organized, although on 5 August 1947, the Netherlands Indies Government was reported to have declared itself ready to consider requests from the people of North Sumatra to separate from the Republic. Since 15 March, the east coast of Sumatra has held the status of a state roughly on a par with East Indonesia. The west coast of Sumatra has petitioned for the status of special district. South Sumatra has been mentioned by the Dutch as ready for autonomous status but definite steps have not yet been taken in this area. West Java has recently become a state of Pasundan under a Republican official as head of State. Since that time, some preliminary steps have been taken toward forming a non-Republican administration for the Batavia area. Some mention was also made of the possibility of creating a non-Republican Indonesian regime for Central Java in the Dutch Semarang sector during the early stages of the Dutch "police action", but little has been heard of the project since. In East Java, the preparatory committee was reported to have been dissolved at the end of January 1948 as a result of popular resistance to the separation of East Java from the Republic. The formation of autonomous areas in Java has been greatly complicated by the proximity of the Republic in Central Java and by the fear of Republican reprisal against Indonesians too closely identified with the Dutch. On Madura, which had been separated from the Republic on Java by Dutch salients around Surabaya, fear of Republican reprisal was much less a deterrent; the island now enjoys an autonomous status and may shortly become a state. On Borneo, the various native administrations are being integrated into an all-Borneo federation. East Indonesia has been organized as a state since December 1946 and local national consciousness is inspiring a growing tendency to resist Dutch influence and to draw closer to the Republic as a fellow-champion of Indonesian national aspirations. If this tendency increases greatly in the future the unity of East Indonesia may be broken by the secession of pro-Dutch areas, such as Ambon. Furthermore, the fragmentation of East Indonesia into much smaller units may become necessary in order to "satisfy the desires of peoples to establish a special relationship with the Netherlands and the USI" and, as in the case of the Republic, to confine the areas of resistance to Dutch influence within a circle of more tractable states.

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Preliminary Federal Organizations. By December 1947, the development of autonomous areas had reached a point where a start could be made in integrating the new states and special districts into an all-embracing structure. At that time, leaders of the various autonomous areas together with non-Republican Indonesians in the Netherlands Indies Government formed a committee for a United Indonesia to work for the formation of a federal government for all Indonesia. On 4 January 1948, this group presented a resolution to high officials of the Netherlands and Netherlands Indies governments urging the immediate formation of an interim government to prepare for a sovereign USI. On 13 January, Netherlands Premier Beel announced a program for the formation of the USI and Lt. Governor-General Van Mook proclaimed a Provisional Federal Council to be constituted as of that date. As was the case with the metamorphoses of a native committee for organizing an autonomous area, most of the members of the Committee for a United Indonesia were assigned places in the Provisional Federal Council and the Committee itself was dissolved. On 9 March, another metamorphosis occurred and the Provisional Federal Council became the Provisional Federal Government which will continue until the formation of the USI.

The Indonesian Republic has not been ignored during these steps toward the formation of the USI. The Committee for a United Indonesia invited the Republic to join in its efforts to form a federal government and high Dutch officials indicated that the Republic might hold 3 out of a possible 11 posts in the Provisional Federal Council. While initial Republican reactions to these invitations were negative, after the signing of the Renville Agreement on 17 January 1948, with its provisions for an eventual sovereign USI, the Republic announced its willingness to participate in the interim federal organizations. In desiring to join these organizations, the Republic at that time was looking ahead to the formation of the USI by 1 January 1949, the transfer of sovereignty to the USI, and the possibility that, by virtue of its record as defender of Indonesian nationalism and its experience in practical politics, the Republic might acquire a preponderant influence in Indonesia through the machinery of the USI.

PART II — EVOLUTION OF THE REPUBLICAN CONCEPT

After the Japanese surrender in August 1945, the Indonesian Republic, proclaimed on 17 August, rapidly strengthened its position in Sumatra, Java, and Madura through taking over existing Japanese administrative machinery and appointed governors for Borneo and various areas in the Great East. Indonesia was then, on paper, organized on a unitary basis and nominally, at least, under the Republic. The Republic regarded itself as the authority for all Indonesia and endeavored to obtain international recognition as the *de facto* government "of the country." It insisted upon immediate independence and rejected as inadequate the Dutch proposals for partnership and independence after a transitional period. During negotiations with the Dutch in the spring of 1946, the Republic's basic assumption was that Indonesia was a fully sovereign state prepared to enter treaty relations with the Netherlands, and that "Indonesia" would eventually include the entire archipelago, except for certain areas which might choose a special relationship with the Netherlands for a fixed period. These views

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were reflected in the negotiations before and after the Linggadjati Agreement from October 1946 to March 1947, and led to the Republican interpretation that Dutch recognition of the Republic's *de facto* authority by the Agreement was tantamount to Dutch recognition of Republican sovereignty. Republican policy concerning the USI was directed at this time toward the eventual unification of the archipelago, creating an Indonesian nation rather than a conglomeration of ethnic or geographic areas. This policy in turn was responsible for the Republican concept of the Interim Government during the interchange of notes with the Dutch in May, June, and July 1947. The Republic agreed with the Dutch that the Interim Government should be a forerunner of a federal USI, but differed with the Dutch in maintaining that the main function of the Interim Government should be to receive the transfer of the functions of the Netherlands Indies Government to the federal organs and to the component states of the USI. The Republic further insisted upon one-half the seats in the Central Council which would control most of the other bodies of the Interim Government.

By the end of July 1947, and the commencement of Dutch "police action", the Republic's policy was directed toward the formation of a federal USI of three states exercising sovereignty over Indonesia and scheduled for complete independence by 1 January 1949. Prior to the formation of the USI, government functions in the Indies would be carried out by an interim regime in which the Republic would possess at least one-half of the control and in which the influence of the Netherlands Indies Government would steadily decline as its powers were transferred to the federal bodies and to the states comprising the Interim Government. The USI in Republican plans in July 1947, was less suitable to the Republic's aim of unifying all Indonesia under its influence than the Commonwealth proposed by Van Mook in February 1946. However, the Republic would be one of three states and could work for the progressive liquidation of the role of the Netherlands Indies Government in the Interim Government and the substitution in its place of a federal organization, in the governing body of which the Republic might possess preponderant influence.

The effect of the Dutch "police action" and the concomitant creation of autonomous areas and inauguration of preliminary forms of federal organization has been to reduce the position of the Republic from that of one of three states in a proposed USI to one of a large number of states in a USI already rapidly crystallizing around and without the Republic. Despite its relatively disadvantageous position in an eventual federal structure, the Republic must join it to avoid economic strangulation, political isolation from nationalist elements elsewhere in Indonesia, and defeat in its aim of eventually securing influence throughout the archipelago.

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